

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Glen Lake Community Library	County Leelanau
Audit Date 12/31/04	Opinion Date 5/4/05	Date Accountant Report Submitted to State: 6/13/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

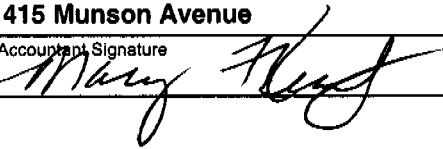
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Dennis, Gartland & Niergarth, P.C.			
Street Address 415 Munson Avenue	City Traverse City	State MI	ZIP 49686
Accountant Signature 		Date 6-13-05	

Glen Lake Community Library

FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2004

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Glen Lake Community Library

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using This Annual Report

This annual report consists of three parts: *Management's discussion and analysis* (this section), the *basic financial statements* and *required supplementary information*. The basic financial statements include information that presents two different views of the Library.

- The first column of the financial statements includes information on the Library's General Fund under the modified accrual method. These *Fund Financial Statements* focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.
- The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full accrual method of accounting.
- The third column presents the Library's operations on a full accrual basis which provides both long and short-term information about the Library's *overall* financial status. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Library on a longer-term view of the Library's finances.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Condensed Financial Information

The following table below shows key financial information in a condensed format:

Current assets	\$545,893
Capital assets	<u>306,163</u>
Total assets	<u>\$852,056</u>
Total liabilities	<u>\$ 20,947</u>
Net assets:	
Invested in capital assets	306,163
Unrestricted	<u>524,946</u>
Total net assets	<u>831,109</u>
	<u>\$852,056</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

The Library as a Whole

The Library is reporting financial statements this year that meet the requirements of GASB 34. The primary change requires the capitalization of collection costs and reporting all assets at full cost less accumulated depreciation.

As a result of this change, the Library reports net assets of \$831,109 this year on a full accrual basis, as compared to fund balances of \$524,946 on the modified accrual basis of accounting.

Total revenues were \$158,060. Property taxes are the primary revenue source and accounted for 54% of the total. Total investment income was 18%; however, the majority of this amount (71%) is unrealized price appreciation. Contributions from the Friend of the Glen Lake Library represented 10%.

Significant expenditures were as follows:

- Collections - \$23,900 or 23%. Consists of books, periodical, video and audio tapes.
- Payroll and related - \$56,000 or 53%. The Library has a full time director and two part time assistants.
- All other - \$25,000 or 24%. Major items (in excess of \$2,000) were: computer equipment - \$2,000 including two new public workstations; supplies - \$2,800 consists of library and office materials; utilities - \$5,500, which is comparable to the prior year; insurance - \$2,000 includes workers compensation and property; maintenance - \$3,800; capital expenditures \$4,600 new furnace and sculpture.

Total expenses for the entire year under a modified accrual method of accounting were \$105,424.

The Library's conversion to meet GASB 34 standards, which includes capitalization of Library owned assets and associated depreciation expense is reflected in the Statement of Activities on page 6 of this financial report.

The Library's Fund

Our analysis of the Library's General Fund is included on pages 5 and 6 in the first column of the respective statements. The fund column provides detailed information about the General Fund on a modified accrual basis of accounting, which is a short-term perspective measuring the flow of financial resources, not the Library's operations on a full accrual basis of accounting, which provides a longer term measurement of total economic resources. The Library's only fund is the General Fund. The fund balance of the General Fund increased by \$52,636 for the year. This represents unspent revenue greater than expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Budget Highlights

Budget spending was amended upward as a result of an additional \$6,500 contribution from the Friends of the Glen Lake Community Library (the "Friends") as well as to comply with the requirements of the Michigan Department of Treasury. Specific increases include:

- Collection - increased by \$2,700 since the Friends requested that we increase our collection spending by a minimum of \$1,500.
- Equipment and furnishings - increased by \$700 to reflect the purchase of a digital camera and bookshelves.
- Miscellaneous - increased by \$300 due to the purchase of book bags which are sold to the public.
- Capital expenditures - an additional \$825 was added. The Library received \$3,760 in memory of a prior board member of both the Library and Friends. The Library and the Friends agreed to share the cost of a sculpture in her honor that was donated to the Library.

Capital Assets and Debt Administration

At the end of the fiscal year, the Library had \$306,000 invested in building, furniture, technology, leasehold improvements, collections and artwork. In 2004 the Library acquired approximately \$27,700 of capital assets of which \$22,000 were collection items.

The Library carries no long-term debt.

Next Year's Millage

The effective millage rate for 2005 is .2071 mills and is expected to generate \$90,000 of revenue.



DENNIS, GARTLAND & NIERGARTH P.C.

Business and Financial Advisors
Our clients' success – our business

Thomas E. Gartland, CPA
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Michael D. Shaw, CPA
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board Members
Glen Lake Community Library

We have audited the accompanying basic financial statements of the *Glen Lake Community Library* as of December 31, 2004, and for the year then ended. These financial statements are the responsibility of Glen Lake Community Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Glen Lake Community Library as of December 31, 2004 and the changes in financial position for the year then ended, in conformity with generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

As discussed in Note A, the Library adopted Governmental Accounting Standards Board Statement Number 34 during the current year. As a result, these financial statements present entirely new financial information. The General Fund reports information on the modified accrual basis of accounting, as well as on the full accrual basis of accounting.

Member of



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In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2005 on our consideration of the Glen Lake Community Library's internal control and its compliance with laws and regulations.

Dennis, Gartland & Niergarth, P.C.

May 4, 2005

Glen Lake Community Library

GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS

December 31, 2004

	General Fund - Modified Accrual Basis	Adjustments (Note A)	Statement of Net Assets - Full Accrual Basis
ASSETS			
Cash	\$ 138,906	\$ -	\$ 138,906
Investments	406,987	-	406,987
Capital assets	-	306,163	306,163
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 545,893</u>	<u>\$ 306,163</u>	<u>\$ 852,056</u>
 LIABILITIES			
Accounts payable	\$ 518	\$ -	\$ 518
Deferred revenue	20,429	-	20,429
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	20,947	-	20,947
 FUND BALANCE/NET ASSETS			
Unreserved	<u>524,946</u>	<u>(524,946)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 545,893</u>	<u>\$ (524,946)</u>	<u>\$ 20,947</u>
 Net assets			
Investment in capital assets		\$ 306,163	\$ 306,163
Unrestricted		<u>524,946</u>	<u>524,946</u>
Total net assets		<u>\$ 831,109</u>	<u>\$ 831,109</u>

The accompanying notes are an integral part of these financial statements.

Glen Lake Community Library

STATEMENT OF GOVERNMENTAL REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - STATEMENT OF ACTIVITIES

Year ended December 31, 2004

	General Fund - Modified Accrual Basis	Adjustments (Note A)	Statement of Activities - Full Accrual Basis
Revenues			
Millage revenue	\$ 85,813	\$ -	\$ 85,813
Intergovernmental			
State aid	1,505	-	1,505
County	8,888	-	8,888
Grant revenue	960	-	960
Video rentals	5,604	-	5,604
Memorials and donations	6,404	-	6,404
Interest	27,679	-	27,679
Friends of the Library	16,500	-	16,500
Other	4,707	-	4,707
Total revenues	<u>158,060</u>	<u>-</u>	<u>158,060</u>
Expenditures			
Salary	49,946	-	49,946
Employee benefits	2,259	-	2,259
Payroll taxes	3,821	-	3,821
Children's program	500	-	500
Utilities	5,465	-	5,465
Books/periodicals	17,300	(15,438)	1,862
Office supplies	6,105	-	6,105
Videotapes	3,742	(3,742)	-
Audio tapes/technology	2,866	(2,866)	-
Professional services	450	-	450
Maintenance	3,775	-	3,775
Insurance	2,032	-	2,032
Outside services	1,801	-	1,801
Dues	196	-	196
Capital outlay	4,610	(4,610)	-
Depreciation	-	27,805	27,805
Miscellaneous	556	-	556
Total expenditures	<u>105,424</u>	<u>1,149</u>	<u>106,573</u>
REVENUES OVER EXPENDITURES/ CHANGE IN NET ASSETS	52,636	(1,149)	51,487
Fund balance/net assets - beginning of year	<u>472,310</u>	<u>307,312</u>	<u>779,622</u>
Fund balance/net assets - end of year	<u>\$ 524,946</u>	<u>\$ 306,163</u>	<u>\$ 831,109</u>

The accompanying notes are an integral part of these statements.

Glen Lake Community Library

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Glen Lake Community Library (the "Library") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity

The Library was organized in May 1977. The Library serves primarily the residents of Empire, Glen Arbor and Kasson Townships, Leelanau County, Michigan. The Library is funded primarily through property taxes, State aid, penal fines and donations.

The Library is governed by an appointed seven-member Board. The Library is not included as a component unit in any other primary government's financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Library has one fund, the General Fund, which is the Library's primary operating fund.

The General Fund is budgeted and accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences and claims and judgments are recorded only when payment is due.

In addition to presenting information for the General Fund, the statements combine all fund activity and present information for the Library as a whole, using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar revenues are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Cash Equivalents

For the purposes of balance sheet classification, the Library considers all money market accounts and certificates of deposit with maturities of 90 days or less to be cash equivalents.

Investments

Investments in money market funds and bonds are stated at fair market value. Unrealized increases or decreases resulting from changes in market value of investments are included annually in the statement of revenues, expenditures and changes in fund balance. The realized gain or loss on sale of investments is the difference between the proceeds received and the original cost basis of specific investments.

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE A - SUMMARY OF SIGNIFICANT POLICIES - Continued

Capital Assets

Capital assets are defined by the Library with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at cost, if donated, at their estimated fair value on the date donated.

Library books, CDs, and audio and visual tapes which comprise the Library's collection are recorded as assets using various estimating techniques. Because of their nature and relevance to the Library's operations, they are capitalized despite individually being below the \$1,000 capitalization threshold.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on such capital assets is charged as an expense against the operations on a straight-line basis over the following estimated useful lives:

Building	50 years
Site improvements	20 years
Furniture and equipment	5-10 years
Library books and materials	3-10 years

Property Taxes

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Library's 2003 tax is levied and collectible on December 1, 2003, and is recognized as revenue in the year ended December 31, 2004, when the proceeds of the levy are budgeted and available for financing operations.

Deferred revenue at December 31, 2004, represents 2004 property taxes collected prior to December 31, 2004, which are budgeted and available for financing 2005 operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE A - SUMMARY OF SIGNIFICANT POLICIES - Continued

Accounting Change

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"), including Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments*, issued in June 1999. These statements are scheduled for a phased implementation according to the size of the governmental unit. The Library was required to adopt GASB No. 34, along with all related statements and interpretations, effective January 1, 2004. Changes to the Library's financial statements as a result of GASB No. 34 are as follows:

- A Management's Discussion and Analysis ("MD&A") section, providing analysis of the Library's overall financial position and results of operations has been included.
- Financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Library's activities have been provided.
- Capital assets in the full accrual column of the statement of net assets includes assets totaling \$306,163, previously accounted for by the Library in the general fixed asset account group.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

NOTE B - DEPOSITS

Local governmental units are authorized to make deposits and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. Local units are allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; banker's acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of the purchase; obligations of the State or Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The investment policy adopted by the Library Board is in accordance with statutory authority.

The Library's deposits at December 31, 2004, are included on the balance sheet under the following classifications:

Cash	\$138,906
Investments	<u>406,987</u>
Total	<u>\$545,893</u>

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE B - DEPOSITS - Continued

All monies of the Library are deposited with Huntington National Bank and State Savings Bank, which provide FDIC insurance coverage, and Charles Schwab. The above deposits were reflected in the accounts of the bank (without recognition of deposits-in-transit or checks written, but not cleared) at \$553,184. Of that amount, \$173,018 was covered by Federal depository insurance, \$373,821 was invested in U.S. Government Securities and \$6,345 was uninsured and uncollateralized. Uninsured amounts may have been higher at any given time during the year ended December 31, 2004.

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>Balance</u> <u>12/31/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/04</u>
Building and improvements	\$ 267,733	\$ 3,010	\$ -	\$ 270,743
Furniture/equipment	55,079	1,600	-	56,679
Library books and materials	<u>94,259</u>	<u>22,046</u>	<u>(12,785)</u>	<u>103,520</u>
Total	417,071	26,656	(12,785)	430,942
Accumulated depreciation	<u>(109,759)</u>	<u>(27,805)</u>	<u>12,785</u>	<u>(124,779)</u>
Total	<u>\$307,312</u>	<u>\$(1,149)</u>	<u>\$ -</u>	<u>\$ 306,163</u>

NOTE D - PROPERTY TAX LEVY

At a special election in November 1996, taxpayers approved a tax levy not to exceed \$0.45 per \$1,000 of the taxable value on all taxable property in the Library's district for five years and \$0.25 per \$1,000 of taxable value to be levied for fifteen years thereafter. The \$0.45 per \$1,000 of the taxable value was levied for four years and was not levied the fifth year. The townships collect the real property taxes between December 1 and February 28. After this time, the taxes become delinquent and must be paid at the County Treasurer's office. The County pays the townships for uncollected property taxes as of February 28 out of the proceeds of tax revolving notes. The townships then pay the delinquent taxes to the Library.

In 2004, the Library levied a total real and personal property tax of \$85,759, of which \$76,963 was collected before becoming delinquent with the townships remitting \$8,796 after becoming delinquent. The 2003 levy was on \$394,659,000 of taxable value at .2173 mills.

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE E - BUDGET INFORMATION

The Library adopts a budget for its governmental type fund as required by Public Act 621 of the State of Michigan. The Library follows these procedures in establishing the budget as reflected in the financial statements.

- In October or November, the Library Board prepares a preliminary budget for the ensuing fiscal year.
- During December, the budget is legally enacted through passage of a resolution. Amendments to the budget are made during the fiscal year, if necessary.
- The budget is adopted on a basis consistent with the modified accrual method of accounting. A comparison of actual results of operations to the General Fund budget as adopted by the Library board is included in the required supplementary information.

NOTE F - LEASES

The Library leases a building from a local governmental unit for \$1 per year. The lease expires July 15, 2045, with the option to renew for up to two consecutive terms of twenty years each.

NOTE G - RISK MANAGEMENT

The Library reimburses Empire and Glen Arbor Townships for its general insurance coverage. The Library carries coverage for property damage, liability, wrongful acts and crime claims. Also, the Library has purchased worker's compensation insurance from a commercial carrier. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE H - RETIREMENT PLAN

Glen Lake Community Library contributes to an individual retirement account for the Library Director. The expense for the year ended December 31, 2004 was \$1,020.

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE I - RECONCILIATION OF FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Total fund balance and the net change in fund balance of the Library's General Fund differs from net assets and change in net assets of the governmental activities reported in the statement of net assets and statement of activities. The difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures and change in fund balance. The following are reconciliations of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total fund balance - modified accrual basis	\$524,946
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Amounts reported in the statement of net assets are different because capital assets are not financial resources and are not reported in the funds	<u>306,163</u>
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Net assets of General Fund - full accrual basis	<u>\$831,109</u>
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Net changes in fund balance - modified accrual basis	\$ 52,636
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Amounts reported in the statement of activities are different
because capital outlays are reported as expenditures in the
statement of revenue, expenditures and change in fund
balance; in the statement of activities, these costs are allocated
over their estimated useful lives as depreciation:

Library book and materials	22,046
Capital outlay	4,610
Depreciation	<u>(27,805)</u>

Changes in net assets of General Fund - full accrual basis	<u>\$ 51,487</u>
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REQUIRED SUPPLEMENTARY INFORMATION

Glen Lake Community Library

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended December 31, 2004

	Originally Adopted Budget	Final Amended Budget	Actual Balances	Variance Favorable (Unfavorable)
Revenues				
Millage revenue	\$ 85,700	\$ 85,700	\$ 85,813	\$ 113
Intergovernmental				
State aid	1,300	1,300	1,505	205
County	11,000	11,000	8,888	(2,112)
Grant revenue	-	-	960	960
Video rentals	5,500	5,500	5,604	104
Memorials and donations	900	900	5,504	4,604
Interest	13,200	13,200	27,679	14,479
Friends of the Library	10,000	10,000	16,500	6,500
Other	4,200	4,200	4,707	507
Total revenues	<u>131,800</u>	<u>131,800</u>	<u>157,160</u>	<u>25,360</u>
Expenditures				
Salary	51,900	51,900	49,946	1,954
Employee benefits	4,735	4,735	2,259	2,476
Payroll taxes	4,000	4,000	3,821	179
Children's program	700	700	500	200
Utilities	6,235	6,235	5,465	770
Books/periodicals	15,500	17,400	17,300	100
Office supplies	7,170	7,870	6,005	1,865
Videotapes	3,500	3,800	3,742	58
Audio tapes/technology	2,500	3,000	2,866	134
Professional services	600	600	450	150
Maintenance	5,400	5,400	3,775	1,625
Insurance	2,300	2,300	2,032	268
Outside services	1,860	1,860	1,801	59
Dues	225	225	196	29
Capital outlay	3,000	3,825	3,810	15
Miscellaneous	300	600	556	44
Total expenditures	<u>109,925</u>	<u>114,450</u>	<u>104,524</u>	<u>9,926</u>
REVENUES OVER EXPENDITURES	21,875	17,350	52,636	35,286
Fund balance/net assets - beginning of year	<u>472,310</u>	<u>472,310</u>	<u>472,310</u>	<u>-</u>
Fund balance/net assets - end of year	<u>\$ 494,185</u>	<u>\$ 489,660</u>	<u>\$ 524,946</u>	<u>\$ 35,286</u>

The accompanying notes are an integral part of these statements.



DENNIS, GARTLAND & NIERGARTH P.C.

Business and Financial Advisors
Our clients' success ... our business

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**REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Library Board
Glen Lake Community Library

We have audited the basic financial statements of the *Glen Lake Community Library* as of and for the year ended December 31, 2004 and have issued our report thereon dated May 4, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Glen Lake Community Library's general purpose financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Glen Lake Community Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Library Board and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Dennis, Gartland & Niergarth, P.C.

May 4, 2005

Member of



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